TUNDRA OIL & GAS

NEWS RELEASE

For Immediate Release

TURNING WASTE INTO ENERGY

Tundra Oil & Gas starts using waste gas to generate electricity

***Winnipeg*, July 26, 2016** – Tundra Oil & Gas, Manitoba's largest oil producer, and Manitoba Hydro Power Smart have signed an agreement that will use previously flared gas to generate up to four megawatts of electricity in southwestern Manitoba.

Under the deal, Tundra will install 22 Capstone micro-turbines at five of its sites in southwestern Manitoba, near Cromer, Waskada, and Pierson. The first turbine will be installed this month (July 2016) with the remainder being operational by the end of the calendar year.

The micro-turbines will be fueled by solution gas, a byproduct of oil extraction and processing. Currently, solution gas is treated as a waste product and burned off, a process commonly known as flaring.

At each site, 800 to 1,000 kilowatts of generation capacity will be installed. The electricity produced will be used to power Tundra's adjacent oil collection facilities. Any excess electricity will be used to offset Tundra's power consumption at nearby well sites, lowering the company's energy bills.

"Tundra is very excited about this collaboration with Manitoba Hydro and the opportunity to move in a direction that improves and promotes sustainability," said Ken Neufeld, President and CEO of Tundra Oil & Gas. "We look forward to making positive changes in our communities and in the province."

Neufeld and Manitoba Hydro President and CEO, Kelvin Shepherd, said the benefit of the project is that a waste product will now be turned to useful energy, creating value for both Tundra and Manitoba Hydro.

"By installing micro-turbines, Tundra will be able to reduce the amount of gas flared while generating electricity," Shepherd said. "That saves them money in their operation, and helps the environment. And from our point of view, it helps us defer the need for more generation, transmission and distribution infrastructure, which saves our ratepayers money," Shepherd said. "It's a very symbiotic relationship."

Shepherd said Manitoba Hydro will contribute to the $16 million capital cost of this project under a 15-year agreement through its Power Smart Load Displacement

Program. The program provides financial and technical support to industrial and municipal customers assisting them in offsetting their utility bills by self-generating power using waste streams and by-products from their industrial processes.

The expanded collaboration builds on a pilot project that saw a micro-turbine installed at a smaller Tundra facility in early 2014, reducing Tundra's energy bill at the site by more than 85 per cent.

Lloyd Kuczek, Manitoba Hydro's Vice-President, Customer Care & Energy Conservation, said the agreement with Tundra is aligned with utility's plan to meet a significant portion of Manitoba's future through improved energy efficiency and utilizing new technologies where possible.

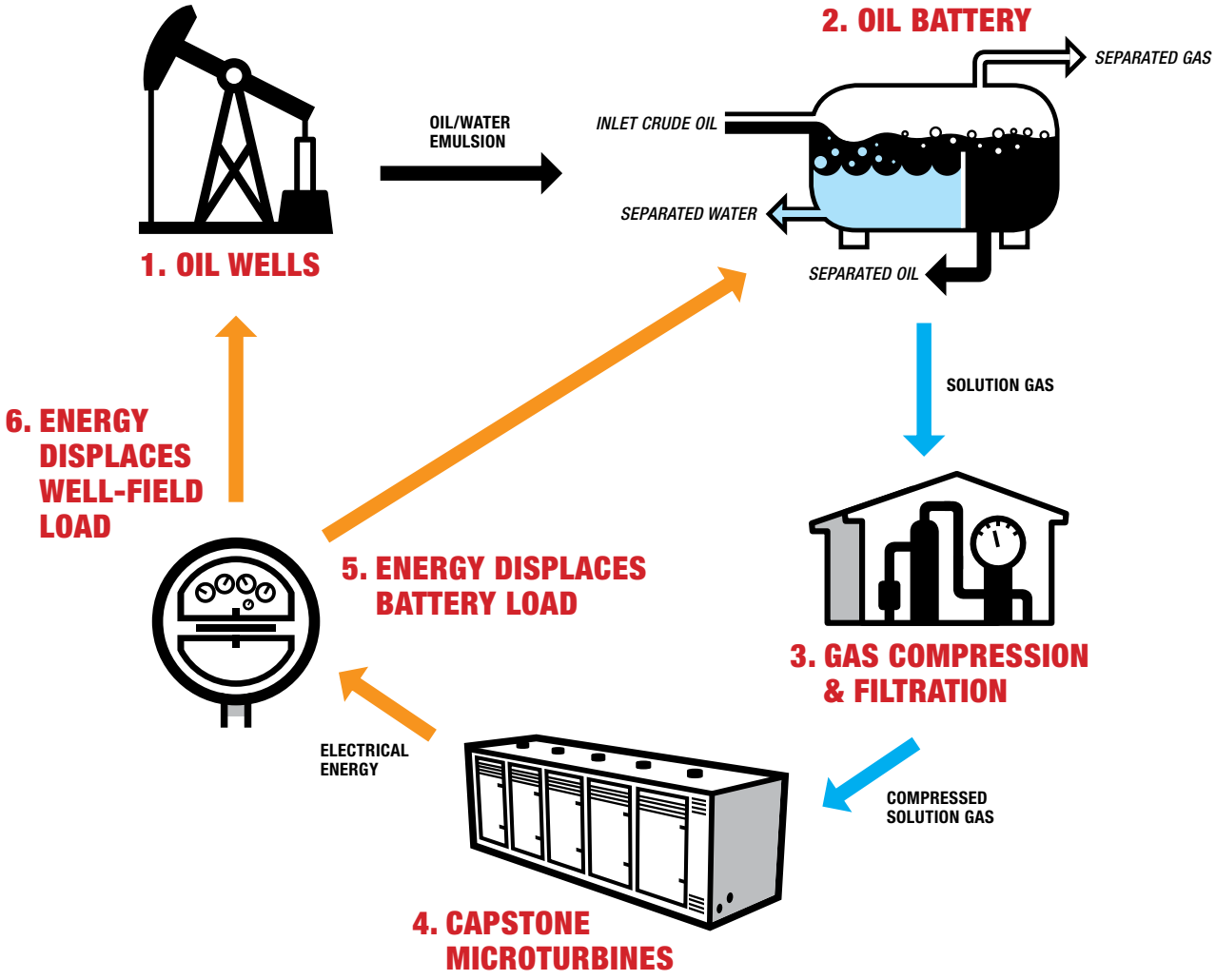
Tundra Oil & Gas is a wholly-owned business of Winnipeg-based James Richardson & Sons, Limited. Tundra commenced operations in January 1980 and currently produces close to 25,000 barrels of light crude oil per day from oil fields in southwest Manitoba. Tundra's core properties are located within the Williston Basin in southwestern Manitoba and southeastern Saskatchewan.

Manitoba Hydro is a Crown corporation and the province's major energy utility, serving over 567,000 electric customers and 276,000 natural gas customers in Manitoba. Manitoba Hydro continues to be one of the lowest cost providers of electricity in Canada.

-30-

CONTACT INFORMATION:

Chynna Hildebrandt
Communications Coordinator
Phone: 204-934-6175
Email: chynna.hildebrandt@tundraoilandgas.com



PROCESS

1. Oil wells pump oil/water/gas emulsions to the surface.
2. Oil battery separates the oil, water and solution gas. Crude oil is delivered to market.
3. Solution gas is filtered and compressed.
4. Solution gas is fired in microturbines to generate power.
5. Electrical energy offsets load at the battery.

Any excess electricity will be used to offset Tundra's power consumption at nearby well sites.